TECHNICAL NOTES

LAKE STATES FOREST EXPERIMENT STATION
U.S. DEPARTMENT OF AGRICULTURE · · FOREST SERVICE

No. 467

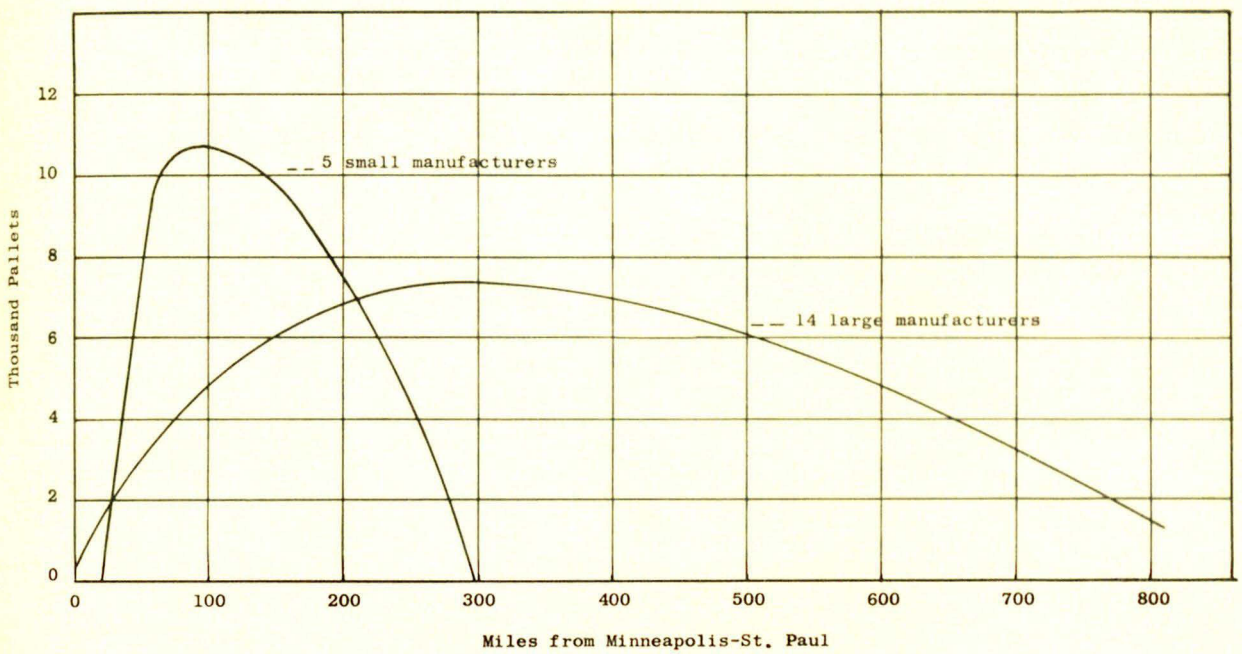
Small Local Manufacturers Supply Large Share of Wood Pallets Used in Minneapolis-St. Paul Area

Nineteen wood pallet manufacturers supplied more than 100,000 pallets to industrial users in the Twin Cities metropolitan area during 1954. Sixteen were located in Minnesota, Wisconsin, or Michigan; three were in southern states--two in Arkansas, and one in Alabama.

Five small local firms, with fewer than 13 employees each, produced 30 percent of the Twin Cities' requirements. Fourteen somewhat larger plants supplied 70 percent.

The small firms largely dominated short-radius production--that is, within 200 miles of the cities. The production situation as influenced by distance is graphically represented below:

Pallet Origin, 1954



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J. R. WARNER, Forester

(over)

MAINTAINED AT ST. PAUL 1, MINNESOTA, IN COOPERATION WITH THE UNIVERSITY OF MINNESOTA

The growing success of small firms in local pallet production can be attributed to a number of factors:

1. They have a relatively small capital investment and low overhead charges against their product.

2. Their wage scale averages approximately 20 cents per hour less than larger firms. (Southern producers have a still lower wage rate, but this is offset by higher transportation costs.)

3. Their former handicap of being unable to fill large orders on short notice is diminishing as more pallet users go on a maintenance basis with scheduled deliveries of comparatively small size.

4. They can provide quick delivery by truck over good roads at a low transportation charge per unit.

5. They concentrate on pallet production, while the large firms often enter the business sporadically to salvage otherwise unusable by-products of lumber manufacture.

This changing structure of the industry reflects its growth and evolving stability. And further, by providing steady markets for some of the region's low-grade timber, the pallet industry contributes toward development of an economic environment in which forestry becomes more feasible.